

EXHIBIT A

Consolidated version of Patient Protection and Affordable Care Act (“ACA”), Pub. L. No. 111-148, § 1501, 124 Stat. 119, 244 (2010), as amended by ACA § 10106 and the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152, 124 Stat. 1029 (2010)
(to be codified at 26 U.S.C. § 5000A)

Ppaca & Hcera; Public Laws 111-148 & 111-152: Consolidated Print

One Hundred Eleventh Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Tuesday,
the fifth day of January, two thousand and ten*

An Act

Entitled The Patient Protection and Affordable Care Act.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Patient Protection and Affordable Care Act”.

【Note: *This print is of the Patient Protection and Affordable Care Act (“PPACA”; Public Law 111–148) consolidating the amendments made by title X of the Act and the Health Care and Education Reconciliation Act of 2010 (“HCERA”; Public Law 111–152). The text of the Indian Health Care Improvement Reauthorization and Extension Act of 2009 (S. 1790), as enacted (in amended form) by section 10221 of PPACA, is shown in a separate, accompanying document. This document has been prepared by the House Office of the Legislative Counsel (HOLC) for the use of its attorneys and its clients; it is not an official document of the House of Representatives or its committees and may not be cited as “the law”. HOLC welcomes any corrections or suggestions to this document; these should be emailed to edward.grossman@mail.house.gov.】*

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—QUALITY, AFFORDABLE HEALTH CARE FOR ALL AMERICANS

Subtitle A—Immediate Improvements in Health Care Coverage for All Americans

Sec. 1001. Amendments to the Public Health Service Act.

Sec. 1002. Health insurance consumer information.

Sec. 1003. Ensuring that consumers get value for their dollars.

Sec. 1004. Effective dates.

Subtitle B—Immediate Actions to Preserve and Expand Coverage

Sec. 1101. Immediate access to insurance for uninsured individuals with a pre-existing condition.

Sec. 1102. Reinsurance for early retirees.

Sec. 1103. Immediate information that allows consumers to identify affordable coverage options.

Sec. 1104. Administrative simplification.

Sec. 1105. Effective date.

Subtitle C—Quality Health Insurance Coverage for All Americans

PART 1—HEALTH INSURANCE MARKET REFORMS

Sec. 1201. Amendment to the Public Health Service Act.

PART 2—OTHER PROVISIONS

Sec. 1251. Preservation of right to maintain existing coverage.

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- Sec. 1252. Rating reforms must apply uniformly to all health insurance issuers and group health plans.
 Sec. 1253. Annual report on self-insured plans.
 Sec. 1254. Study of large group market.
 Sec. 1255. Effective dates.

Subtitle D—Available Coverage Choices for All Americans

PART 1—ESTABLISHMENT OF QUALIFIED HEALTH PLANS

- Sec. 1301. Qualified health plan defined.
 Sec. 1302. Essential health benefits requirements.
 Sec. 1303. Special rules.
 Sec. 1304. Related definitions.

PART 2—CONSUMER CHOICES AND INSURANCE COMPETITION THROUGH HEALTH BENEFIT EXCHANGES

- Sec. 1311. Affordable choices of health benefit plans.
 Sec. 1312. Consumer choice.
 Sec. 1313. Financial integrity.

PART 3—STATE FLEXIBILITY RELATING TO EXCHANGES

- Sec. 1321. State flexibility in operation and enforcement of Exchanges and related requirements.
 Sec. 1322. Federal program to assist establishment and operation of nonprofit, member-run health insurance issuers.
 Sec. 1323. Community health insurance option *[stricken]*.
 Sec. 1323. Funding for the territories.
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- Sec. 1331. State flexibility to establish basic health programs for low-income individuals not eligible for Medicaid.
 Sec. 1332. Waiver for State innovation.
 Sec. 1333. Provisions relating to offering of plans in more than one State.
 Sec. 1334. Multi-State plans.

PART 5—REINSURANCE AND RISK ADJUSTMENT

- Sec. 1341. Transitional reinsurance program for individual market in each State.
 Sec. 1342. Establishment of risk corridors for plans in individual and small group markets.
 Sec. 1343. Risk adjustment.

Subtitle E—Affordable Coverage Choices for All Americans

PART I—PREMIUM TAX CREDITS AND COST-SHARING REDUCTIONS

SUBPART A—PREMIUM TAX CREDITS AND COST-SHARING REDUCTIONS

- Sec. 1401. Refundable tax credit providing premium assistance for coverage under a qualified health plan.
 Sec. 1402. Reduced cost-sharing for individuals enrolling in qualified health plans.

SUBPART B—ELIGIBILITY DETERMINATIONS

- Sec. 1411. Procedures for determining eligibility for Exchange participation, premium tax credits and reduced cost-sharing, and individual responsibility exemptions.
 Sec. 1412. Advance determination and payment of premium tax credits and cost-sharing reductions.
 Sec. 1413. Streamlining of procedures for enrollment through an exchange and State Medicaid, CHIP, and health subsidy programs.
 Sec. 1414. Disclosures to carry out eligibility requirements for certain programs.
 Sec. 1415. Premium tax credit and cost-sharing reduction payments disregarded for Federal and Federally-assisted programs.
 Sec. 1416. Study of geographic variation in application of FPL.

PART II—SMALL BUSINESS TAX CREDIT

- Sec. 1421. Credit for employee health insurance expenses of small businesses.

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- Sec. 1554. Access to therapies.
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- Sec. 1556. Equity for certain eligible survivors.
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- Sec. 1562. GAO study regarding the rate of denial of coverage and enrollment by health insurance issuers and group health plans.
- Sec. 1563. Small business procurement.
- Sec. 1563 [sic]. Conforming amendments.
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- Sec. 2001. Medicaid coverage for the lowest income populations.
- Sec. 2002. Income eligibility for nonelderly determined using modified gross income.
- Sec. 2003. Requirement to offer premium assistance for employer-sponsored insurance.
- Sec. 2004. Medicaid coverage for former foster care children.
- Sec. 2005. Payments to territories.
- Sec. 2006. Special adjustment to FMAP determination for certain States recovering from a major disaster.
- Sec. 2007. Medicaid Improvement Fund rescission.

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- Sec. 2101. Additional federal financial participation for CHIP.
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- Sec. 2201. Enrollment Simplification and coordination with State Health Insurance Exchanges.
- Sec. 2202. Permitting hospitals to make presumptive eligibility determinations for all Medicaid eligible populations.

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Sec. 2602. Providing Federal coverage and payment coordination for dual eligible beneficiaries.

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- Sec. 9002. Inclusion of cost of employer-sponsored health coverage on W–2.
- Sec. 9003. Distributions for medicine qualified only if for prescribed drug or insulin.
- Sec. 9004. Increase in additional tax on distributions from HSAs and Archer MSAs not used for qualified medical expenses.
- Sec. 9005. Limitation on health flexible spending arrangements under cafeteria plans.
- Sec. 9006. Expansion of information reporting requirements.
- Sec. 9007. Additional requirements for charitable hospitals.
- Sec. 9008. Imposition of annual fee on branded prescription pharmaceutical manufacturers and importers.
- Sec. 9009. ~~Imposition of annual fee on medical device manufacturers and importers~~ *repealed and replaced*.
- Sec. 9010. Imposition of annual fee on health insurance providers.
- Sec. 9011. Study and report of effect on veterans health care.
- Sec. 9012. Elimination of deduction for expenses allocable to Medicare Part D subsidy.
- Sec. 9013. Modification of itemized deduction for medical expenses.
- Sec. 9014. Limitation on excessive remuneration paid by certain health insurance providers.
- Sec. 9015. Additional hospital insurance tax on high-income taxpayers.
- Sec. 9016. Modification of section 833 treatment of certain health organizations.
- Sec. 9017. ~~Excise tax on elective cosmetic medical procedures~~ *nullified*.

Subtitle B—Other Provisions

- Sec. 9021. Exclusion of health benefits provided by Indian tribal governments.
- Sec. 9022. Establishment of simple cafeteria plans for small businesses.
- Sec. 9023. Qualifying therapeutic discovery project credit.

TITLE X—STRENGTHENING QUALITY, AFFORDABLE HEALTH CARE FOR ALL AMERICANS

Subtitle A—Provisions Relating to Title I

- Sec. 10101. Amendments to subtitle A *[amendments fully incorporated above]*.
- Sec. 10102. Amendments to subtitle B *[amendments fully incorporated above]*.
- Sec. 10103. Amendments to subtitle C *[amendments fully incorporated above]*.
- Sec. 10104. Amendments to subtitle D.
- Sec. 10105. Amendments to subtitle E *[amendments fully incorporated above]*.
- Sec. 10106. Amendments to subtitle F *[amendments fully incorporated above]*.
- Sec. 10107. Amendments to subtitle G *[amendments fully incorporated above]*.
- Sec. 10108. Free choice vouchers.
- Sec. 10109. Development of standards for financial and administrative transactions.

Subtitle B—Provisions Relating to Title II

PART 1—MEDICAID AND CHIP

- Sec. 10201. Amendments to the Social Security Act and title II of this Act.
- Sec. 10202. Incentives for States to offer home and community-based services as a long-term care alternative to nursing homes.

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Sec. 10203. Extension of funding for CHIP through fiscal year 2015 and other CHIP-related provisions.

PART 2—SUPPORT FOR PREGNANT AND PARENTING TEENS AND WOMEN

Sec. 10211. Definitions.
 Sec. 10212. Establishment of pregnancy assistance fund.
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PART 3—INDIAN HEALTH CARE IMPROVEMENT

Sec. 10221. Indian health care improvement.

Subtitle C—Provisions Relating to Title III

Sec. 10301. Plans for a Value-Based purchasing program for ambulatory surgical centers *[amendments fully incorporated above]*.
 Sec. 10302. Revision to national strategy for quality improvement in health care *[amendments fully incorporated above]*.
 Sec. 10303. Development of outcome measures.
 Sec. 10304. Selection of efficiency measures *[amendments fully incorporated above]*.
 Sec. 10305. Data collection; public reporting *[amendments fully incorporated above]*.
 Sec. 10306. Improvements under the Center for Medicare and Medicaid Innovation *[amendments fully incorporated above]*.
 Sec. 10307. Improvements to the Medicare shared savings program *[amendments fully incorporated above]*.
 Sec. 10308. Revisions to national pilot program on payment bundling *[amendments fully incorporated above]*.
 Sec. 10309. Revisions to hospital readmissions reduction program *[amendments fully incorporated above]*.
 Sec. 10310. Repeal of physician payment update *[amendments fully incorporated above]*.
 Sec. 10311. Revisions to extension of ambulance add-ons *[amendments fully incorporated above]*.
 Sec. 10312. Certain payment rules for long-term care hospital services and moratorium on the establishment of certain hospitals and facilities *[amendments fully incorporated above]*.
 Sec. 10313. Revisions to the extension for the rural community hospital demonstration program *[amendments fully incorporated above]*.
 Sec. 10314. Adjustment to low-volume hospital provision *[amendments fully incorporated above]*.
 Sec. 10315. Revisions to home health care provisions *[amendments fully incorporated above]*.
 Sec. 10316. Medicare DSH *[amendments fully incorporated above]*.
 Sec. 10317. Revisions to extension of section 508 hospital provisions *[amendments fully incorporated above]*.
 Sec. 10318. Revisions to transitional extra benefits under Medicare Advantage *[amendments fully incorporated above]*.
 Sec. 10319. Revisions to market basket adjustments *[amendments fully incorporated above]*.
 Sec. 10320. Expansion of the scope of, and additional improvements to, the Independent Medicare Advisory Board.
 Sec. 10321. Revision to community health teams *[amendments fully incorporated above]*.
 Sec. 10322. Quality reporting for psychiatric hospitals.
 Sec. 10323. Medicare coverage for individuals exposed to environmental health hazards.
 Sec. 10324. Protections for frontier States.
 Sec. 10325. Revision to skilled nursing facility prospective payment system.
 Sec. 10326. Pilot testing pay-for-performance programs for certain Medicare providers.
 Sec. 10327. Improvements to the physician quality reporting system.
 Sec. 10328. Improvement in part D medication therapy management (MTM) programs.
 Sec. 10329. Developing methodology to assess health plan value.
 Sec. 10330. Modernizing computer and data systems of the Centers for Medicare & Medicaid services to support improvements in care delivery.
 Sec. 10331. Public reporting of performance information.
 Sec. 10332. Availability of medicare data for performance measurement.
 Sec. 10333. Community-based collaborative care networks.
 Sec. 10334. Minority health.

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- Sec. 10335. Technical correction to the hospital value-based purchasing program *[amendments fully incorporated above]*.
- Sec. 10336. GAO study and report on Medicare beneficiary access to high-quality dialysis services.

Subtitle D—Provisions Relating to Title IV

- Sec. 10401. Amendments to subtitle A *[amendments fully incorporated above]*.
- Sec. 10402. Amendments to subtitle B *[amendments fully incorporated above]*.
- Sec. 10403. Amendments to subtitle C *[amendments fully incorporated above]*.
- Sec. 10404. Amendments to subtitle D *[amendments fully incorporated above]*.
- Sec. 10405. Amendments to subtitle E *[amendments fully incorporated above]*.
- Sec. 10406. Amendment relating to waiving coinsurance for preventive services *[amendments fully incorporated above]*.
- Sec. 10407. Better diabetes care.
- Sec. 10408. Grants for small businesses to provide comprehensive workplace wellness programs.
- Sec. 10409. Cures Acceleration Network.
- Sec. 10410. Centers of Excellence for Depression.
- Sec. 10411. Programs relating to congenital heart disease.
- Sec. 10412. Automated Defibrillation in Adam's Memory Act.
- Sec. 10413. Young women's breast health awareness and support of young women diagnosed with breast cancer.

Subtitle E—Provisions Relating to Title V

- Sec. 10501. Amendments to the Public Health Service Act, the Social Security Act, and title V of this Act.
- Sec. 10502. Infrastructure to Expand Access to Care.
- Sec. 10503. Community Health Centers and the National Health Service Corps Fund.
- Sec. 10504. Demonstration project to provide access to affordable care.

Subtitle F—Provisions Relating to Title VI

- Sec. 10601. Revisions to limitation on medicare exception to the prohibition on certain physician referrals for hospitals *[amendments fully incorporated above]*.
- Sec. 10602. Clarifications to patient-centered outcomes research *[amendments fully incorporated above]*.
- Sec. 10603. Striking provisions relating to individual provider application fees *[amendments fully incorporated above]*.
- Sec. 10604. Technical correction to section 6405 *[amendments fully incorporated above]*.
- Sec. 10605. Certain other providers permitted to conduct face to face encounter for home health services *[amendments fully incorporated above]*.
- Sec. 10606. Health care fraud enforcement.
- Sec. 10607. State demonstration programs to evaluate alternatives to current medical tort litigation.
- Sec. 10608. Extension of medical malpractice coverage to free clinics.
- Sec. 10609. Labeling changes.

Subtitle G—Provisions Relating to Title VIII

- Sec. 10801. Provisions relating to title VIII *[amendments fully incorporated above]*.

Subtitle H—Provisions Relating to Title IX

- Sec. 10901. Modifications to excise tax on high cost employer-sponsored health coverage *[amendments fully incorporated above]*.
- Sec. 10902. Inflation adjustment of limitation on health flexible spending arrangements under cafeteria plans *[amendments fully incorporated above]*.
- Sec. 10903. Modification of limitation on charges by charitable hospitals *[amendments fully incorporated above]*.
- Sec. 10904. Modification of annual fee on medical device manufacturers and importers *[amendments fully incorporated above]*.
- Sec. 10905. Modification of annual fee on health insurance providers *[amendments fully incorporated above]*.
- Sec. 10906. Modifications to additional hospital insurance tax on high-income taxpayers *[amendments fully incorporated above]*.
- Sec. 10907. Excise tax on indoor tanning services in lieu of elective cosmetic medical procedures *[substitutes for section 9017 of PPACA]*.
- Sec. 10908. Exclusion for assistance provided to participants in State student loan repayment programs for certain health professionals.
- Sec. 10909. Expansion of adoption credit and adoption assistance programs.

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1401(b), is amended by adding at the end the following new subsection:

“(h) CREDIT FOR EMPLOYEE HEALTH INSURANCE EXPENSES OF SMALL EMPLOYERS.—~~As revised by section 10105(e)(3)~~ No deduction shall be allowed for that portion of the premiums for qualified health plans (as defined in section 1301(a) of the Patient Protection and Affordable Care Act), or for health insurance coverage in the case of taxable years beginning in 2010, 2011, 2012, or 2013, paid by an employer which is equal to the amount of the credit determined under section 45R(a) with respect to the premiums.”.

(2) DEDUCTION FOR EXPIRING CREDITS.—Section 196(c) of such Code is amended by striking “and” at the end of paragraph (12), by striking the period at the end of paragraph (13) and inserting “, and”, and by adding at the end the following new paragraph:

“(14) the small employer health insurance credit determined under section 45R(a).”.

(e) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“Sec. 45R. Employee health insurance expenses of small employers.”.

(f) EFFECTIVE DATES.—~~As revised by section 10105(e)(4)~~

(1) IN GENERAL.—The amendments made by this section shall apply to amounts paid or incurred in taxable years beginning after December 31, 2009.

(2) MINIMUM TAX.—The amendments made by subsection (c) shall apply to credits determined under section 45R of the Internal Revenue Code of 1986 in taxable years beginning after December 31, 2009, and to carrybacks of such credits.

Subtitle F—Shared Responsibility for Health Care

PART I—INDIVIDUAL RESPONSIBILITY

SEC. 1501. REQUIREMENT TO MAINTAIN MINIMUM ESSENTIAL COVERAGE.

(a) FINDINGS.—Congress makes the following findings:

(1) IN GENERAL.—The individual responsibility requirement provided for in this section (in this subsection referred to as the “requirement”) is commercial and economic in nature, and substantially affects interstate commerce, as a result of the effects described in paragraph (2).

(2) EFFECTS ON THE NATIONAL ECONOMY AND INTERSTATE COMMERCE.—~~Replaced by section 10106(a)~~ The effects described in this paragraph are the following:

(A) The requirement regulates activity that is commercial and economic in nature: economic and financial decisions about how and when health care is paid for, and when health insurance is purchased. In the absence of the requirement, some individuals would make an economic and financial decision to forego health insurance coverage and attempt to self-insure, which increases financial risks to households and medical providers.

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(B) Health insurance and health care services are a significant part of the national economy. National health spending is projected to increase from \$2,500,000,000,000, or 17.6 percent of the economy, in 2009 to \$4,700,000,000,000 in 2019. Private health insurance spending is projected to be \$854,000,000,000 in 2009, and pays for medical supplies, drugs, and equipment that are shipped in interstate commerce. Since most health insurance is sold by national or regional health insurance companies, health insurance is sold in interstate commerce and claims payments flow through interstate commerce.

(C) The requirement, together with the other provisions of this Act, will add millions of new consumers to the health insurance market, increasing the supply of, and demand for, health care services, and will increase the number and share of Americans who are insured.

(D) The requirement achieves near-universal coverage by building upon and strengthening the private employer-based health insurance system, which covers 176,000,000 Americans nationwide. In Massachusetts, a similar requirement has strengthened private employer-based coverage: despite the economic downturn, the number of workers offered employer-based coverage has actually increased.

(E) The economy loses up to \$207,000,000,000 a year because of the poorer health and shorter lifespan of the uninsured. By significantly reducing the number of the uninsured, the requirement, together with the other provisions of this Act, will significantly reduce this economic cost.

(F) The cost of providing uncompensated care to the uninsured was \$43,000,000,000 in 2008. To pay for this cost, health care providers pass on the cost to private insurers, which pass on the cost to families. This cost-shifting increases family premiums by on average over \$1,000 a year. By significantly reducing the number of the uninsured, the requirement, together with the other provisions of this Act, will lower health insurance premiums.

(G) 62 percent of all personal bankruptcies are caused in part by medical expenses. By significantly increasing health insurance coverage, the requirement, together with the other provisions of this Act, will improve financial security for families.

(H) Under the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001 et seq.), the Public Health Service Act (42 U.S.C. 201 et seq.), and this Act, the Federal Government has a significant role in regulating health insurance. The requirement is an essential part of this larger regulation of economic activity, and the absence of the requirement would undercut Federal regulation of the health insurance market.

(I) Under sections 2704 and 2705 of the Public Health Service Act (as added by section 1201 of this Act), if there were no requirement, many individuals would wait to purchase health insurance until they needed care. By significantly increasing health insurance coverage, the requirement, together with the other provisions of this Act, will

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minimize this adverse selection and broaden the health insurance risk pool to include healthy individuals, which will lower health insurance premiums. The requirement is essential to creating effective health insurance markets in which improved health insurance products that are guaranteed issue and do not exclude coverage of pre-existing conditions can be sold.

(J) Administrative costs for private health insurance, which were \$90,000,000,000 in 2006, are 26 to 30 percent of premiums in the current individual and small group markets. By significantly increasing health insurance coverage and the size of purchasing pools, which will increase economies of scale, the requirement, together with the other provisions of this Act, will significantly reduce administrative costs and lower health insurance premiums. The requirement is essential to creating effective health insurance markets that do not require underwriting and eliminate its associated administrative costs.

(3) SUPREME COURT RULING.—In *United States v. Southeastern Underwriters Association* (322 U.S. 533 (1944)), the Supreme Court of the United States ruled that insurance is interstate commerce subject to Federal regulation.

(b) IN GENERAL.—Subtitle D of the Internal Revenue Code of 1986 is amended by adding at the end the following new chapter:

“CHAPTER 48—MAINTENANCE OF MINIMUM ESSENTIAL COVERAGE

“Sec. 5000A. Requirement to maintain minimum essential coverage.

“SEC. 5000A. REQUIREMENT TO MAINTAIN MINIMUM ESSENTIAL COVERAGE.

“(a) REQUIREMENT TO MAINTAIN MINIMUM ESSENTIAL COVERAGE.—An applicable individual shall for each month beginning after 2013 ensure that the individual, and any dependent of the individual who is an applicable individual, is covered under minimum essential coverage for such month.

“(b) SHARED RESPONSIBILITY PAYMENT.—

“(1) IN GENERAL.—*[Replaced by section 10106(b)]* If a taxpayer who is an applicable individual, or an applicable individual for whom the taxpayer is liable under paragraph (3), fails to meet the requirement of subsection (a) for 1 or more months, then, except as provided in subsection (e), there is hereby imposed on the taxpayer a penalty with respect to such failures in the amount determined under subsection (c).

“(2) INCLUSION WITH RETURN.—Any penalty imposed by this section with respect to any month shall be included with a taxpayer’s return under chapter 1 for the taxable year which includes such month.

“(3) PAYMENT OF PENALTY.—If an individual with respect to whom a penalty is imposed by this section for any month—

“(A) is a dependent (as defined in section 152) of another taxpayer for the other taxpayer’s taxable year including such month, such other taxpayer shall be liable for such penalty, or

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“(B) files a joint return for the taxable year including such month, such individual and the spouse of such individual shall be jointly liable for such penalty.

“(c) AMOUNT OF PENALTY.—*[Paragraphs (1) and (2) were revised in their entirety by section 10106(b)(2)]*

“(1) IN GENERAL.—The amount of the penalty imposed by this section on any taxpayer for any taxable year with respect to failures described in subsection (b)(1) shall be equal to the lesser of—

“(A) the sum of the monthly penalty amounts determined under paragraph (2) for months in the taxable year during which 1 or more such failures occurred, or

“(B) an amount equal to the national average premium for qualified health plans which have a bronze level of coverage, provide coverage for the applicable family size involved, and are offered through Exchanges for plan years beginning in the calendar year with or within which the taxable year ends.

“(2) MONTHLY PENALTY AMOUNTS.—For purposes of paragraph (1)(A), the monthly penalty amount with respect to any taxpayer for any month during which any failure described in subsection (b)(1) occurred is an amount equal to $\frac{1}{12}$ of the greater of the following amounts:

“(A) FLAT DOLLAR AMOUNT.—An amount equal to the lesser of—

“(i) the sum of the applicable dollar amounts for all individuals with respect to whom such failure occurred during such month, or

“(ii) 300 percent of the applicable dollar amount (determined without regard to paragraph (3)(C)) for the calendar year with or within which the taxable year ends.

“(B) PERCENTAGE OF INCOME.—*[As revised by section 1002(a)(1) of HCERA]* An amount equal to the following percentage of the excess of the taxpayer’s household income for the taxable year over the amount of gross income specified in section 6012(a)(1) with respect to the taxpayer for the taxable year:

“(i) 1.0 percent for taxable years beginning in 2014.

“(ii) 2.0 percent for taxable years beginning in 2015.

“(iii) 2.5 percent for taxable years beginning after 2015.

“(3) APPLICABLE DOLLAR AMOUNT.—*[As revised by section 10106(b)(3) and by section 1002(a)(2) of HCERA]* For purposes of paragraph (1)—

“(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), the applicable dollar amount is \$695.

“(B) PHASE IN.—The applicable dollar amount is \$95 for 2014 and \$325 for 2015.

“(C) SPECIAL RULE FOR INDIVIDUALS UNDER AGE 18.—If an applicable individual has not attained the age of 18 as of the beginning of a month, the applicable dollar amount with respect to such individual for the month shall be equal to one-half of the applicable dollar amount for the calendar year in which the month occurs.

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“(D) INDEXING OF AMOUNT.—In the case of any calendar year beginning after 2016, the applicable dollar amount shall be equal to \$695, increased by an amount equal to—

“(i) \$695, multiplied by

“(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year, determined by substituting ‘calendar year 2015’ for ‘calendar year 1992’ in subparagraph (B) thereof.

If the amount of any increase under clause (i) is not a multiple of \$50, such increase shall be rounded to the next lowest multiple of \$50.

“(4) TERMS RELATING TO INCOME AND FAMILIES.—For purposes of this section—

“(A) FAMILY SIZE.—The family size involved with respect to any taxpayer shall be equal to the number of individuals for whom the taxpayer is allowed a deduction under section 151 (relating to allowance of deduction for personal exemptions) for the taxable year.

“(B) HOUSEHOLD INCOME.—The term ‘household income’ means, with respect to any taxpayer for any taxable year, an amount equal to the sum of—*[shown to reflect probable amendment made by section 1004(a)(1)(C) of HCERA]*

“(i) the modified *adjusted* gross income of the taxpayer, plus

“(ii) the aggregate modified *adjusted* gross incomes of all other individuals who—

“(I) were taken into account in determining the taxpayer’s family size under paragraph (1), and

“(II) were required to file a return of tax imposed by section 1 for the taxable year.

“(C) MODIFIED ADJUSTED GROSS INCOME.—*[Replaced by section 1004(a)(2)(B)]* The term ‘modified adjusted gross income’ means adjusted gross income increased by—

“(i) any amount excluded from gross income under section 911, and

“(ii) any amount of interest received or accrued by the taxpayer during the taxable year which is exempt from tax.

“(d) APPLICABLE INDIVIDUAL.—For purposes of this section—

“(1) IN GENERAL.—The term ‘applicable individual’ means, with respect to any month, an individual other than an individual described in paragraph (2), (3), or (4).

“(2) RELIGIOUS EXEMPTIONS.—

“(A) RELIGIOUS CONSCIENCE EXEMPTION.—*[Replaced by section 10106(c)]* Such term shall not include any individual for any month if such individual has in effect an exemption under section 1311(d)(4)(H) of the Patient Protection and Affordable Care Act which certifies that such individual is—

“(i) a member of a recognized religious sect or division thereof which is described in section 1402(g)(1), and

“(ii) an adherent of established tenets or teachings of such sect or division as described in such section.

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“(B) HEALTH CARE SHARING MINISTRY.—

“(i) IN GENERAL.—Such term shall not include any individual for any month if such individual is a member of a health care sharing ministry for the month.

“(ii) HEALTH CARE SHARING MINISTRY.—The term ‘health care sharing ministry’ means an organization—

“(I) which is described in section 501(c)(3) and is exempt from taxation under section 501(a),

“(II) members of which share a common set of ethical or religious beliefs and share medical expenses among members in accordance with those beliefs and without regard to the State in which a member resides or is employed,

“(III) members of which retain membership even after they develop a medical condition,

“(IV) which (or a predecessor of which) has been in existence at all times since December 31, 1999, and medical expenses of its members have been shared continuously and without interruption since at least December 31, 1999, and

“(V) which conducts an annual audit which is performed by an independent certified public accounting firm in accordance with generally accepted accounting principles and which is made available to the public upon request.

“(3) INDIVIDUALS NOT LAWFULLY PRESENT.—Such term shall not include an individual for any month if for the month the individual is not a citizen or national of the United States or an alien lawfully present in the United States.

“(4) INCARCERATED INDIVIDUALS.—Such term shall not include an individual for any month if for the month the individual is incarcerated, other than incarceration pending the disposition of charges.

“(e) EXEMPTIONS.—No penalty shall be imposed under subsection (a) with respect to—

“(1) INDIVIDUALS WHO CANNOT AFFORD COVERAGE.—

“(A) IN GENERAL.—Any applicable individual for any month if the applicable individual’s required contribution (determined on an annual basis) for coverage for the month exceeds 8 percent of such individual’s household income for the taxable year described in section 1412(b)(1)(B) of the Patient Protection and Affordable Care Act. For purposes of applying this subparagraph, the taxpayer’s household income shall be increased by any exclusion from gross income for any portion of the required contribution made through a salary reduction arrangement.

“(B) REQUIRED CONTRIBUTION.—For purposes of this paragraph, the term ‘required contribution’ means—

“(i) in the case of an individual eligible to purchase minimum essential coverage consisting of coverage through an eligible-employer-sponsored plan, the portion of the annual premium which would be paid by the individual (without regard to whether paid through salary reduction or otherwise) for self-only coverage, or

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“(ii) in the case of an individual eligible only to purchase minimum essential coverage described in subsection (f)(1)(C), the annual premium for the lowest cost bronze plan available in the individual market through the Exchange in the State in the rating area in which the individual resides (without regard to whether the individual purchased a qualified health plan through the Exchange), reduced by the amount of the credit allowable under section 36B for the taxable year (determined as if the individual was covered by a qualified health plan offered through the Exchange for the entire taxable year).

“(C) SPECIAL RULES FOR INDIVIDUALS RELATED TO EMPLOYEES.—**[Replaced by section 10106(d)]** For purposes of subparagraph (B)(i), if an applicable individual is eligible for minimum essential coverage through an employer by reason of a relationship to an employee, the determination under subparagraph (A) shall be made by reference to required contribution of the employee.

“(D) INDEXING.—In the case of plan years beginning in any calendar year after 2014, subparagraph (A) shall be applied by substituting for ‘8 percent’ the percentage the Secretary of Health and Human Services determines reflects the excess of the rate of premium growth between the preceding calendar year and 2013 over the rate of income growth for such period.

“(2) TAXPAYERS WITH INCOME BELOW FILING THRESHOLD.—**[As revised by section 1002(b)(2) of HCERA]** Any applicable individual for any month during a calendar year if the individual’s household income for the taxable year described in section 1412(b)(1)(B) of the Patient Protection and Affordable Care Act is less than the amount of gross income specified in section 6012(a)(1) with respect to the taxpayer.

“(3) MEMBERS OF INDIAN TRIBES.—Any applicable individual for any month during which the individual is a member of an Indian tribe (as defined in section 45A(c)(6)).

“(4) MONTHS DURING SHORT COVERAGE GAPS.—

“(A) IN GENERAL.—Any month the last day of which occurred during a period in which the applicable individual was not covered by minimum essential coverage for a continuous period of less than 3 months.

“(B) SPECIAL RULES.—For purposes of applying this paragraph—

“(i) the length of a continuous period shall be determined without regard to the calendar years in which months in such period occur,

“(ii) if a continuous period is greater than the period allowed under subparagraph (A), no exception shall be provided under this paragraph for any month in the period, and

“(iii) if there is more than 1 continuous period described in subparagraph (A) covering months in a calendar year, the exception provided by this paragraph shall only apply to months in the first of such periods.

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The Secretary shall prescribe rules for the collection of the penalty imposed by this section in cases where continuous periods include months in more than 1 taxable year.

“(5) **HARDSHIPS.**—Any applicable individual who for any month is determined by the Secretary of Health and Human Services under section 1311(d)(4)(H) to have suffered a hardship with respect to the capability to obtain coverage under a qualified health plan.

“(f) **MINIMUM ESSENTIAL COVERAGE.**—For purposes of this section—

“(1) **IN GENERAL.**—The term ‘minimum essential coverage’ means any of the following:

“(A) **GOVERNMENT SPONSORED PROGRAMS.**—Coverage under—

“(i) the Medicare program under part A of title XVIII of the Social Security Act,

“(ii) the Medicaid program under title XIX of the Social Security Act,

“(iii) the CHIP program under title XXI of the Social Security Act,

“(iv) the TRICARE for Life program,

“(v) the veteran’s health care program under chapter 17 of title 38, United States Code, or

“(vi) a health plan under section 2504(e) of title 22, United States Code (relating to Peace Corps volunteers).

“(B) **EMPLOYER-SPONSORED PLAN.**—Coverage under an eligible employer-sponsored plan.

“(C) **PLANS IN THE INDIVIDUAL MARKET.**—Coverage under a health plan offered in the individual market within a State.

“(D) **GRANDFATHERED HEALTH PLAN.**—Coverage under a grandfathered health plan.

“(E) **OTHER COVERAGE.**—Such other health benefits coverage, such as a State health benefits risk pool, as the Secretary of Health and Human Services, in coordination with the Secretary, recognizes for purposes of this subsection.

“(2) **ELIGIBLE EMPLOYER-SPONSORED PLAN.**—The term ‘eligible employer-sponsored plan’ means, with respect to any employee, a group health plan or group health insurance coverage offered by an employer to the employee which is—

“(A) a governmental plan (within the meaning of section 2791(d)(8) of the Public Health Service Act), or

“(B) any other plan or coverage offered in the small or large group market within a State.

Such term shall include a grandfathered health plan described in paragraph (1)(D) offered in a group market.

“(3) **EXCEPTED BENEFITS NOT TREATED AS MINIMUM ESSENTIAL COVERAGE.**—The term ‘minimum essential coverage’ shall not include health insurance coverage which consists of coverage of excepted benefits—

“(A) described in paragraph (1) of subsection (c) of section 2791 of the Public Health Service Act; or

“(B) described in paragraph (2), (3), or (4) of such subsection if the benefits are provided under a separate policy, certificate, or contract of insurance.

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“(4) INDIVIDUALS RESIDING OUTSIDE UNITED STATES OR RESIDENTS OF TERRITORIES.—Any applicable individual shall be treated as having minimum essential coverage for any month—

“(A) if such month occurs during any period described in subparagraph (A) or (B) of section 911(d)(1) which is applicable to the individual, or

“(B) if such individual is a bona fide resident of any possession of the United States (as determined under section 937(a)) for such month.

“(5) INSURANCE-RELATED TERMS.—Any term used in this section which is also used in title I of the Patient Protection and Affordable Care Act shall have the same meaning as when used in such title.

“(g) ADMINISTRATION AND PROCEDURE.—

“(1) IN GENERAL.—The penalty provided by this section shall be paid upon notice and demand by the Secretary, and except as provided in paragraph (2), shall be assessed and collected in the same manner as an assessable penalty under subchapter B of chapter 68.

“(2) SPECIAL RULES.—Notwithstanding any other provision of law—

“(A) WAIVER OF CRIMINAL PENALTIES.—In the case of any failure by a taxpayer to timely pay any penalty imposed by this section, such taxpayer shall not be subject to any criminal prosecution or penalty with respect to such failure.

“(B) LIMITATIONS ON LIENS AND LEVIES.—The Secretary shall not—

“(i) file notice of lien with respect to any property of a taxpayer by reason of any failure to pay the penalty imposed by this section, or

“(ii) levy on any such property with respect to such failure.”.

(c) CLERICAL AMENDMENT.—The table of chapters for subtitle D of the Internal Revenue Code of 1986 is amended by inserting after the item relating to chapter 47 the following new item:

“CHAPTER 48—MAINTENANCE OF MINIMUM ESSENTIAL COVERAGE.”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after December 31, 2013.

SEC. 1502. REPORTING OF HEALTH INSURANCE COVERAGE.

(a) IN GENERAL.—Part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 is amended by inserting after subpart C the following new subpart:

“Subpart D—Information Regarding Health Insurance Coverage

“Sec. 6055. Reporting of health insurance coverage.

“SEC. 6055. REPORTING OF HEALTH INSURANCE COVERAGE.

“(a) IN GENERAL.—Every person who provides minimum essential coverage to an individual during a calendar year shall, at such time as the Secretary may prescribe, make a return described in subsection (b).

“(b) FORM AND MANNER OF RETURN.—